

POOR LEGIBILITY

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**POOR QUALITY
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Stauffer-Nevada Men's Bowling League Trophy (Hend. - Niagara)	April	\$ 40.00
V.F.W. (Encamp. Prog.)	April	50.00
Employers Association of So. Nevada		300.00
Federated Employers of So. Nevada Inc.		100.00
P.T.A.		10.50
Henderson Youth Center		4,000.00
Las Vegas Review Journal		168.00
Electrochemical Society	March	100.00
Executive Secretaries		24.00
Rev. Taxpayers Assoc.		250.00
Las Vegas Sun		90.00
Review Journal		90.00
Flower Pot		15.00
Christmas Expenses		678.00
Rev. T.C.B. & Health Ass'n.	Dec.	12.00

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INTER-OFFICE CORRESPONDENCE

SAN FRANCISCO

TO: Mr. J. W. Feltle DATE February 1, 1956
cc. Mr. R. W. Gunder FROM: L. F. Cummings
SUBJECT: Stauffer - Montrose
 Related Activities

In late 1954 I received an assignment to review these activities, set forth the results of an analysis at the three locations involved, and list recommended future charges. Report was filed February 1, 1955 and the new charge patterns were approved and placed in effect April 1, 1955.

The confirming letters of April 12 by Dr. Rothberg and April 15 by Mr. H. Stauffer also stipulated that the next time the charges were studied Mr. Rotrosen of Montrose of New Jersey would join us in the survey of charges arising from the various inter-company transactions. Following from this, Mr. Rotrosen and the writer made a brief review in August 1955 since the original report contemplated periodic semi-annual studies. A few changes resulted effective September 1, 1955 but the main examination was deferred at that time until the end of the year.

The general review has just now been concluded in late January 1956 with Mr. Rotrosen and the writer stopping at each location. Our findings have been grouped in the attached report prefaced by this letter and a similar type letter directed by Mr. Rotrosen to Dr. Rothberg. Our plan of presentation is similar to a year ago, specifically as follows:

1. Summary and Recommendations
2. Contracts and Letter Agreements
3. Henderson
4. Torrance
5. Los Angeles Office

With the presentation of the report, we have in mind that there will now be an interim period allowed for review by managements. I do offer the further suggestion that if final decision can be reached soon, the new charge patterns can go into effect perhaps as early as February 1, 1956 -- however, no move in that direction will be made until definite word is received.

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RECOMMENDED ALLOCATION PLAN FOR VARIOUS CHARGES
BY STAUFFER CHEMICAL COMPANY TO MONTROSE

	<u>Per Cent</u>	<u>Amount</u>
<u>Payroll Charges</u>		
1. Purchasing Department -		
Total payroll per month times		155
Percentage applicable to Montrose	10.0	3 155.00
2. Industrial Relations -		
Total payroll per month times		
percentage applicable to Montrose.		
This percentage is based on number		
of employees of Montrose as compared		
to total and is revised as necessary.	15.0	157.00
3. Accounting & General Office -		
Machine Bookkeeper	65.0	
E. Rapiński	80.0	
Typist		
C. Yankee	10.0	
Typist Clerk		
V. Downey	20.0	
Comptometer Operator		
C. Yankee	20.0	
R. Taylor	5.0	
The above percentages of time worked for Montrose were estimated by Mr. Hunter.		
Payroll machine operator and payroll clerk - E. Smith and C. Green.	15.0	16.0
Percentage based on number of employees.		
Supervision - T. V. Hunter	12.0	12.5
Total of above group		537.00
Salaried Payroll - based on number of salaried employees.	54	77.00
	5.5	93.00
Traffic -		
Estimate by D. Clegg		154.00
		158.00
Sales -		
L. Isler	25.0)	
J. Dornell - Secretary	12.5)	197.00
PEK Operator - O. Niles	10.0	35.00
Estimate by Mr. Hunter		
Total Accounting & General Office	500.754	
Total Payroll Charges		1,058.00

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POOR QUALITY
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Total Payroll Charges from Page 1

1. 10% for payroll taxes, various insurance costs, etc. (An agreed percentage also used for Nevada)
5. Office Rent - Percentage of monthly rental based on estimated area used.
6. Miscellaneous
Estimated amount to cover depreciation on office machines, accounting, stationery, local telephone calls, etc.

Total Allocated Charges

Amount

2,343.00

313.00

3.00

1,550.00

155.00

1,705.00

75.00

1,780.00

1674.00

~~Effective September 1, 1993~~

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Page 2 of 2 pages.

POOR QUALITY
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MONTROSE CHEMICAL CORPORATION OF CALIFORNIA

February 6, 1956

To: Mr. F. Rothberg

From: Samuel Rotrosen

CC: Mr. L. P. Cummings
Mr. B. L. Rothberg

Subj: Review of Intercompany
Changes for services
furnished Montrose by
Stauffer

In accordance with the procedure set up last April, Mr. Cummings and myself reviewed the charges for services furnished by Stauffer to Montrose at the various locations where inter-related activities are carried on.

As you know, the Montrose operation at Henderson is more interwoven with Stauffer operations than either Torrance or the Los Angeles office. At Henderson, some expense items are directly attributable to Montrose (i.e. Montrose payroll, power, land rental, steam, telephone, etc.) and these are charged directly by invoice giving details of the particular expense. Other services cannot be directly allocated and must be prorated on an equitable basis (i.e. administrative salaries, automobile expense, general works expense, storage expense, etc.). In all cases, Mr. Cummings and I reviewed these charges, both as to amount and basis of apportionment with Mr. Howell and Mr. Schreck and Mr. Wurzer at Henderson, and with the department heads involved (laboratory, traffic, etc.).

At the Los Angeles office, the salaries of the two accountants working on Montrose books are charged directly to Montrose; other expenses are pro-rated (general office expense, traffic sales office, industrial relations, etc.). Here, too, these charges and basis of apportionment were reviewed with the local people.

Detailed schedules of the charges at both locations are included in Mr. Cummings report attached, and I agree with his recommendation that these be made effective February 1, 1956 and that they be briefly reviewed again in July or August of this year, with a complete review early in 1957.

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1. Summary and Recommendations

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The lease at Henderson, Nevada covers 9.0255 acres and the products of Montrose which are chloral, monochlorobenzene, and muriatic acid are produced in facilities situated on this property which is apart from that occupied by Stauffer plants. Inter-company activities, however, develop through Montrose's part-time need of administrative and clerical help as well as maintenance crew, use of certain common facilities and of mobile equipment, etc. Because of this joint use by the companies of certain equipment and personnel a new charge pattern must be developed at intervals to keep the situation on an equitable basis.

As set forth on page 9 the Torrance operations do not present a problem because of the separate and distinct operations of Montrose and Stauffer. There was some previous difficulty due to modifications of a prior lease but the new lease has clearly defined the rentals and the responsibility for taxes. The matter of charges for joint services is relatively insignificant and is handled ably by the manager of the DDT plant and the head of the Stauffer research unit.

At the Los Angeles Wilshire Office, Montrose has several pieces of office equipment and two accountants are employed on a full time basis. The other office services in connection with sales, purchasing, traffic, labor relations, billing, mail, etc., are handled by the same personnel for Stauffer and for Montrose and again it is necessary to have periodic review of the charge patterns prevailing.

As a result of the joint survey in this month of January 1956, we recommend the following:

1. At Henderson, handle the direct charges as shown on page 4 of this report. For the indirect or prorated charges, change the total from the present figure of \$4,539 to the new total of \$4,415.
2. At Torrance, no action is necessary since the new lease has clearly defined rentals as well as the matter of tax charges and the small prorated charges are adequately handled.
3. At Los Angeles Wilshire Office, handle direct charges as shown on page 10 and change the total of indirect or prorated charges from the present figure of \$1,826 to the new figure of \$1,674.
4. We suggest some study of the situation next August with a definite plan for general review by the end of this year or early 1957.

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2. Contracts and Letter Agreements

As previously reported, the original agreements with respect to Montrose Chemical Corporation of California in 1946, along with certain supplements, covered the general operation. In addition, over the years there have been DDT sales agreements, lease agreements for land at Henderson as well as for land and certain facilities at Torrance, and various letter agreements regarding products of the two companies.

As mentioned in previous report, it is the opinion that both formal contracts and various letter agreements are carefully supervised by the various departments who have the responsibility. Accordingly, this report is confined to review of direct and indirect charges not covered by negotiated agreements.

It should also be stated again that the matter of management fees is not a proper subject for this report but is reserved for top level discussion at intervals in New York and/or Newark.

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POOR QUALITY
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3. Section Relating to Henderson

The relationships of Montrose and Nevada again fall into two categories one concerns direct charges and the other with a group of indirect or prorated charges.

The direct charges are listed below:

1. Clothing Allowance -- Paid directly to employees. The basis is \$.20 per shift per man, which is the current practice at Henderson.
2. Gas and Oil -- Purchased for Montrose truck on Stauffer credit card.
3. Hydrogen -- Based on cost of natural gas, if and when used.
4. Maintenance Material -- Directly purchased for Montrose and charged at the month end from vendors' invoices.
5. Meals -- Computed by the working foreman. Each man is allowed \$1.50 for a meal if he works more than 2 hours overtime and an additional meal for each 4 hour-period worked beyond the first 2 hours of overtime.
6. Plant Payroll -- There are 20 men paid by Stauffer who regularly and completely work at the Montrose plant. All payroll taxes and related insurance on these specific men are also charged to Montrose.
7. Power -- Cost based on actual usage per separate meter readings. Price is BMI small users rate presently at \$.01 per KWH.
8. Railroad Car Handling -- As charged by Basic Management, Inc. invoice based on the number of loaded cars in and out of the plant.
9. Rental Land -- \$60.00 per month as per lease dated October 1, 1956. The lease covers 5 parcels of land totaling 9.8255 acres as described in the agreement. The lease runs to 1/14/57 with 4 renewal options for periods of 5 years each. Each option is to be exercised one year prior to expiration date of current period.

3. Section Relating to Henderson -- Page 2

10. Steam -- Plant engineers reading. Billed at estimated monthly cost adjusted to actual in the month following.
11. Stores -- Charged at cost plus freight but with no provision for handling expenses. (See indirect charges section).
12. Telegraph -- Identifiable charges made to Montrose by our clerks from monthly bill.
13. Telephone -- Stauffer pays all telephone bills, charging Montrose for identifiable items.
14. Telephone Exchange -- Based on number of phones actually in Montrose use.
15. Teletype -- Percentage billing by our clerks based on usage.
16. Travel -- Actual expenses of Montrose personnel.
17. Water -- Charged by Meter reading at B. M. L. price.
18. Laboratory Salaries -- Direct charge each month based on time and output record kept by the laboratory.
19. Engineering Salaries -- Based on hours spent on actual projects (Construction in Progress -- Appropriations).
20. Fire Protection -- Nevada Engineering Department has computed the Montrose protected area as follows:

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3. Section Relating to Henderson -- Page 3

	<u>Sq. Footage</u>
Montrose Area including Acid Loading	51,163
Benzene Storage 174' x 133.5'	23,185
Alcohol Storage 80' x 86'	6,880
HCl Storage Tanks 52' x 59'	3,068
Poly Storage 150' x 150'	22,500
Synthetic Plant 17' x 22'	
17' x 28'	
17' x 17'	1,139
Montrose Office Bldg. 20' x 60'	1,200
Storage in Warehouse 20' x 20'	400
Storage in old Office Bldg. - 15% of total 3,853	578
MCB Storage at Hercules 80' x 150'	12,000
Warehouse at Hercules 100' x 120' - (12,000 sq. ft.) 1/2 occupied by Montrose 100' x 60'	<u>6,000</u>
Total square footage	128,113

Nevada receives billing from B. M. I. at the current rate of \$4.50 per thousand square feet and is an increase from \$3.50 shown in the 1955 report.

The protected area is defined as "land occupied by tanks or structures" -- vacant land is not included.

21. Sewage Disposal -- Currently billed to Stauffer by B. M. I. based on number of employees on the project. Stauffer will rebill Montrose for its share based on relative number of Montrose employees to total Stauffer-Montrose employees.

3. Section Relating to Henderson -- Page 4

As to the indirect charges on various prorated bases we present below a summary of the items and two columns of figures -- one showing recommended charges for the future and the other listing the amounts previously in effect for each month. The summary is as follows:

	Survey January 1, 1956	Effective April 1, 1955 Based on Survey January 1, 1955
1. Administrative Salaries	\$1,849	\$1,558
2. Automobile Expense	188	201
3. Donations	92	28
4. Legal Fees	49	45
Fire Protection	•	448
5. Garbage & Refuse Removal	45	26
Sewage Disposal	•	5
6. Postage	18	20
7. Equipment Usage	150	150
8. Stores Expense	760	904
9. Janitorial Services	164	157
10. General Works Expense	762	722
11. Office and Laboratory Facilities	51	48
12. Organic Laboratory Supplies	<u>287</u>	<u>227</u>
	<u>\$4,415</u>	<u>\$4,539</u>

- Transferred to section 3, pages 2 and 3.
To be invoiced separately each month as direct charge.

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Section Relating to Henderson -- Page 5

For detailed analysis of these indirect charges, please refer to supporting schedule No. 1 at the close of this report.

It should be further emphasized that our recommendations herewith in connection with both the direct and indirect charges have been discussed with and have the approval of the Henderson plant administration.

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4. Section Relating to Torrance

At the Technical DDT production plant at Torrance, California, Montrose has a lease covering 8.74 acres and on these premises are certain structures consisting of: processing plant, several warehouses, a machine shop, pipe lines and other outside equipment, and an office building.

There is a Stauffer operation at Torrance on land apart from the property rented to Montrose but a distinct line is drawn between the two operations, the Stauffer activity being confined to research laboratory and pilot plant developments.

The only joint activities arise through use of common spur tracks, roadways, etc., and utilities. The charges are not significant and are worked out between the two managers at regular intervals without cause for concern.

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5. Section Relating to Los Angeles Wilshire Office

The direct charges at this location are as follows:

1. **Plan: Payroll** -- The hourly rate payroll at Montrose, Torrance consisting of from 85 to 100 men is handled in the Los Angeles office and all charges for labor and employee benefits are cleared out each month directly to Montrose. The employees receive Stauffer payroll checks and are covered by the general Employee Benefit Plans.
2. **Salaried Payroll** -- There are 22 salaried employees consisting of administrative help, chemical laboratory technicians, clerical workers, all at Torrance, and 2 accountants at the Wilshire Office. All are classified as Stauffer employees and the charges for their salaries and company portion of employee benefits are charged from the Stauffer San Francisco Office on a monthly basis to Montrose. Also, there are 4 Montrose salaried employees at Henderson that are paid from San Francisco.

The indirect or prorated charges have again been examined as they relate to each department. A summary of the recommended charges for the future is set forth below:

	Survey January 1, 1954	Effective April 1, 1955 Based on Survey January 30, 1955
Payroll Charges:		
1. Purchasing	\$ 185 185	\$ 163 185
2. Industrial relations	123	122
2 1/2. Accounting and general office	985 868	1,196 995
sub-total	1,313 1,053	1,476 1,180
4. Payroll taxes and insurance	131 116	148 131
5. Office rent	155 155	127 155
6. Miscellaneous	75 75	75 75
	<u>\$1,674 1,399</u>	<u>\$1,826 1,541</u>

The above recommended charge pattern has been discussed with the various Stauffer departments involved and has their approval. Detailed analysis of the individual charges is set forth in schedule 2 beginning on page 18.

**RECOMMENDED ALLOCATION PLAN FOR VARIOUS CHARGES
BY STAUFFER OF NEVADA TO MONTROSE TO SUPERSEDE
PRESENT PLAN WHICH HAS BEEN IN EFFECT SINCE 4/1/55**

1. Salaried Payroll

Administrative

Newell	-	3%
Schreck	-	5%
Edwards	-	15%
Anderson	-	10%

Maintenance

Jeffrey	-	10%
Miller	-	10%
Lloyd	-	15%
Dee	-	17%
Getmer	-	10%
Isom	-	10%

Accounting

Heber	-	5%
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Personnel

MacNeil	-	14%
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Charges for Supervisory and General Personnel \$ 797

Traffic

Green	-	33%
Block	-	33%
Romney	-	33%

Timekeeping & Payroll

McMillan	-	16%
Cole	-	16%

Accounting

Letzler	-	6%
Bracken	-	1%
Delaney	-	1%

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1. Salaries Payroll: (cont'd)Steno-Mail-Teletype-Ditto Processing-Multilith

McCaw	-	6%
Graham	-	19%
Macdonald	-	5%
Williams	-	10%

Maintenance Clerical (Work Orders)

M. Sanchez, Jr.	-	22%
Marsh	-	22%

Personnel

Bigelow	-	14%
Lutz	-	24%

Production Records

M. Sanchez, Sr.	-	6%
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Messenger Service

Carter	-	10%
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Charges for Office and Clerical Personnel

884

81,681

10% for payroll taxes, various insurance costs, etc.
(an agreed percentage also used for Los Angeles)

168

81,849

2. Automobile Expense

Stauffer-Nevada Auto Expense is comprised of the following items:

- 1) Rental Paid for cars and trucks leased from California Rent Car.
- 2) Maintenance and Depreciation of Stauffer-owned cars and trucks.
- 3) Gasoline, oil, lubrication and tire repairs for both Items 1) and 2).

Charges from our books for year ended December 31, 1955 are as follows:

a) Rental	\$9,320
b) Gasoline, oil and repairs	9,037
c) Depreciation	<u>1,872</u>
	\$20,229

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2. Automobile Expense (cont'd)

There is a total of 9 rental cars and trucks of which 3 are used exclusively for Stauffer purposes. Therefore, the sum of annual rental, gasoline, oil and repair expenses of \$13,357 was reduced by 1/3, and the balance of \$12,238 plus the depreciation of \$1,872 was apportioned between Montrose and Stauffer on basis of plant payroll, that is, 16% to Montrose. This apportionment was the same basis as used previously and is determined as follows:

$$\frac{\$ 251,509 \text{ (Montrose)}}{\$1,525,525 \text{ (Montrose \& Stauffer)}} = 16\%$$

The average charge for the month is \$1,176 and 16% would amount to

\$188

3. Donations & Employee Activities

Donations made by Stauffer Nevada during year 1955 were as follows:

Boy Scouts	March	\$ 250
Girl Scouts	November	150
Community Chest	November	250
Red Cross	March	300
March of Dimes	January	25
Salvation Army	December	25
T. B.	December	5
Amer. Cancer Society	May	50
U. of N. Artamists	September	30
Basic H. S. Yearbook	April	25
Boulder City Bowling		
Ass'n. State Tournament		
Trophy	February	45
B.-V. Shrine Circus	May	75
Central Labor Council		
A.F.L. Conv.	June	100
Clark Co. Fire Dept.	May	85
Clark County Sheriff's		
Relief Ass'n. Benefit Show	August	100
L.V. Ass'n. for Adv. of		
Colored People	August	25
L.V. Police Protective		
Ass'n.	May	125
Basic High Lobo News	October	20
Nevada Highways Safety		
Counselor	July	25

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3. Donations & Employee Activities (cont'd)

Nevada Peace Officers Magazine	August	\$ 50
So. Nev. Community Concert Ass'n.	March	30
Stauffer-Nevada Men's Bowling League Trophy		
(Hand. - Niagara)	April	40
V. F. W. (Encamp. Prog.)	April	50
Employers Association of So. Nevada		300
Federated Employers of Nevada Inc.		400
P. T. A.		10
Henderson Youth Center		4,000
Las Vegas Review Journal		168
Electrochemical Society	March	100
Executive Secretaries		24
Nev. Taxpayers Assoc.		250
Las Vegas Sun		90
Review Journal		50
Flower Pot		15
Christmas Expenses		678
Nev. T. B. & Health Ass'n.	December	12
		<hr/>
		\$8,027

Deduct Electrochemical Society payment as being for Stauffer, or	<hr/>	100
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Net total to be apportioned		\$7,927
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Average for 1 month - \$660

Basis - Ratio of Montrose employees to total Stauffer-Montrose employees, or 14% of \$660, Montrose share	\$ 92
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4. Legal Fees

Mr. C. Jay Parkinson is attorney on retainer specializing in labor negotiations and problems. Previous reports included charge for Mr. T. Gregory who is no longer retained.

Retainer Fee plus expenses 12 months - 1955	\$3,649
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Average for 1 month - \$304	500769 -
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Basis - Dollar value ratio of payrolls 12 months - 16%

4. Legal Fees (cont'd)

16% of \$304 = Montrose's Share \$ 49

5. Removal of Refuse, Garbage and Waste

12 months - 1955 costs - \$3,347

Average cost for 1 month - \$279

Basis - Dollar Value Ratio Payrolls 12 months - 16%

16% of \$279 = Montrose's share \$ 45

6. Postage

12 months total postage costs - \$1,807

Average cost 1 month - \$ 151

Study of postage expense indicates 12% as Montrose's share.

Therefore, 12% of \$151 = Montrose's share \$ 18

7. Equipment Usage

This item discussed by Messrs. Newell, Cummings Retrosen, Wurser and Schreck and it was concluded that the method of computing this cost be the same as outlined or agreed upon by Dr. Rothberg and Mr. John Stauffer in 1953.

Basis as previously agreed with Dr. Rothberg is, per month

\$ 150

8. Stores Expense

This charge is based on the dollar value of stores withdrawals made by Montrose from Stauffer as compared to the total dollar value of all Stores Withdrawals.

Year Ended Dec. 31, 1955

Total Stores Withdrawals from Stauffer Stores	\$300,954
Total Stores Withdrawn from Montrose Stores by Montrose	33,157
TOTAL STORES WITHDRAWALS	<u>\$334,111</u>

Year Ended December 31, 1955**8. Stores Expense (cont'd)**

Total Stores Withdrawals by Montrose	
From Stauffer Stores	\$37,652
From Montrose Stores	<u>33,157</u>
	\$70,809

Per cent ratio Montrose to Total - 21%

Total Expense to Operate Stores Department

Total Expense	\$40,237
Average monthly expense	\$3,353
Add monthly Personal	
Property Tax	<u>267</u>
Average Total Monthly Expense	\$ 3,620
Per cent ratio Montrose to total (21%) - 1955	\$ <u>760</u>

9. Janitorial Services

The time of our janitor to service Montrose area has increased from 1 hour to 3 1/2 hours.

Average of 3 1/2 hours per day for 6 days each week -

$312 \times 3 \frac{1}{2} \text{ hrs.} \times 1.805 = 19,711 \div 12 =$	
Montrose's share	\$ <u>164</u>

10. General Works

Consists of General Yard and Road Maintenance, services of 4 Plant Protection Employees (watchmen), Maintenance of all common water, power and sewer lines and all General Shop Work not directly allocable to operating departments.

Maintenance Labor (including guard labor)	\$46,653
Maintenance Labor (ex stores)	11,663
Maintenance Labor (direct charge)	<u>11,998</u>
	70,314
Less 25% exclusive Stauffer	<u>17,578</u>
500771	52,736
Safety & Personnel Supplies	<u>4,396</u>
Per Year	57,132
Per Month	4,761
16% x \$4,761 (Montrose's share)	\$ <u>762</u>

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11. Office and Laboratory Facilities

Determined on a square foot basis of common office and laboratory space consisting of utilities and janitorial services only at 5¢ per square foot.

Common office and lab. space - 5,300 sq. ft. @ 5¢ per square foot - \$269.70

16% of \$269.70 = 43.15

Add H. J. Wurser's office - 156 sq. ft.
@ 5¢ per square foot

7.80

\$50.95 or

Montrose's share \$ 51.00

12. Organic Laboratory Supplies and Maintenance

Based on distribution of Organic Laboratory Employees Time for 6 months, 1955, July through December which equals 33%

Organic Laboratory Supplies (common usage) 12 months \$9,240
Maintenance Labor charged to Laboratory 1,191

\$10,431

Average for one month \$ 869

Montrose's share is 33% or \$ 287

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POOR QUALITY
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RECOMMENDED ALLOCATION PLAN FOR ~~VARIOUS~~ CHARGES
BY STAUFFER CHEMICAL COMPANY TO MONTROSE

	Per Cent	Amount
Payroll Charges		
1. Purchasing Department - Average of 132 orders per month @ \$1.40 per order		\$ 185.00
2. Industrial Relations - Total payroll per month times percentage applicable to Montrose. This percentage is based on number of employees of Montrose as compared to total and is revised as necessary	15.0	277.50
3. Accounting & General Office -		
Machine Bookkeeper E. McPherson <i>McPherson</i>	65.0	
Typist E. Vanhook <i>S. Long</i>	10.0 25.0	
Typist Clerk V. Downey <i>P. Wilson</i>	20.0 10.0	
Comptometer Operator E. Vanhook <i>S. Burke</i>	20.0	
Mail Boy R. Taylor <i>C. Martino</i>	5.0	
The above percentages of time worked for Montrose were estimated by Mr. Hunter.		
Payroll machine operator and payroll clerk - H. Smith and C. Green	15.0	
Percentage based on number of employees		
Supervision - T. V. Hunter	12.0	616
Total of above group		\$532.00
Salaried Payroll - based on number of salaried employees		
Traffic - Estimate by D. Clegg at 8% of department total salary charge	<i>but</i> 5.4 2190	77.00 154.00
Sales - 500773		
L. Isler	25.0)	216
J. Dornell - Secretary	12.5)	107.00

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POOR QUALITY
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	Per Cent	Amount
3. Accounting & General Office - (cont'd)		
PBX Operator - G. Hines	10.0	235.00
Estimate by Mr. Hunter		
Total Accounting & General Office		\$ 495
Total Payroll Charges		\$1,211
4. 10% for payroll taxes, various insurance costs, etc. (An agreed percentage also used for Nevada.)		131
5. Office Rent - Percentage of monthly rental based on estimated area used.		155
6. Miscellaneous -		
Estimated amount to cover depreciation on office machines, accounting, stationery, local telephone calls, etc.		75
Total Allocated Charges		\$1,674

500774

POOR QUALITY
ORIGINAL

00-010-037707

N.C. - 20 change
C. change

3. Section Relating to Henderson

The relationships of Montrose and Nevada again fall into two categories, one concerns direct charges and the other with a group of indirect or prorated charges.

The direct charges are listed below:

- N.C. 1. Clothing Allowance -- Paid directly to employees. The basis is \$.20 per shift per man, which is the current practice at Henderson.
- N.C. 2. Gas and Oil -- Purchased for Montrose truck on Stauffer credit card.
- N.C. 3. Hydrogen -- Based on cost of natural gas, if and when used.
- N.C. 4. Maintenance Material -- Directly purchased for Montrose and charged at the month end from vendors' invoices.
- N.C. 5. Meals -- Computed by the working foreman. Each man is allowed \$1.50 for a meal if he works more than 2 hours overtime and an additional meal for each 4 hour-period worked beyond the first 2 hours of overtime.
- C 6. Plant Payroll -- There are 20 men paid by Stauffer who regularly and completely work at the Montrose plant. All payroll taxes and related insurance on these specific men are also charged to Montrose.
- N.C. 7. Power -- Cost based on actual usage per separate meter readings. Price is BML small users rate presently at \$.01 per KWH.
- C 8. Railroad Car Handling -- As charged by Basic Management, Inc. Invoice based on the number of loaded cars in and out of the plant. *added \$2.50 per truck weighing*
- C 9. Rental Land -- \$60.00 per month as per lease dated October 1, 1956. The lease covers 5 parcels of land totaling 9.8255 acres as described in the agreement. The lease runs to 1/14/57 with 3 renewal options for periods of 5 years each. Each option is to be exercised one year prior to expiration date of current period.

00-01027672

POOR QUALITY
ORIGINAL

3. Section Relating to Henderson -- Page 2

- N^e 10. Steam -- Plant engineers reading. Billed at estimated monthly cost adjusted to actual in the month following.
- N^e 11. Stores -- Charged at cost plus freight but with no provision for handling expenses. (See indirect charges section).
- N^e 12. Telegraph -- Identifiable charges made to Montrose by our clerks from monthly bill.
- N^e 13. Telephone -- Stauffer pays all telephone bills, charging Montrose for identifiable items.
- N^e 14. Telephone Exchange -- Based on number of phones actually in Montrose use.
- N^e 15. Teletype -- Percentage billing by our clerks based on usage.
- N^e 16. Travel -- Actual expenses of Montrose personnel.
- N^e 17. Water -- Charged by Meter reading at B. M. L. price.
- out 18. Laboratory Salaries -- Direct charge each month based on time and output record kept by the laboratory.
- N^e 19. Engineering Salaries -- Based on hours spent on actual projects (Construction in Progress -- Appropriations). *Monthly basis*
- C 20. Fire Protection -- Nevada Engineering Department has computed the Montrose protected area as follows:

3. Section Relating to Henderson -- Page 3

	<u>Sq. Footage</u>
Montrose Area including Acid Loading	51,163
Benzene Storage 174' x 133.5'	23,185
Alcohol Storage 80' x 86'	6,880
HCl Storage Tanks 52' x 59'	3,068
Poly Storage 150' x 150'	22,500
Synthetic Plant 17' x 22'	
17' x 28'	
17' x 17'	1,139
Montrose Office Bldg. 20' x 60'	1,200
Storage in Warehouse 20' x 20'	400
Storage in old Office Bldg. -	
15% of total 3,853	578
MCS Storage at Hercules 80' x 150'	12,000
Warehouse at Hercules 100' x 120' -	
(12,000 sq. ft.) 1/2 occupied by	
Montrose 100' x 60'	<u>6,000</u>
Total square footage	128,113 28,970

Nevada receives billing from B. M. I. at the current rate of \$4.50 per thousand square feet and is an increase from \$3.50 shown in the 1955 report.

The protected area is defined as "land occupied by tanks or structures" -- vacant land is not included.

21. Sewage Disposal -- Currently billed to Stauffer by B. M. I. based on number of employees on the project. Stauffer will rebill Montrose for its share based on relative number of Montrose employees to total Stauffer-Montrose employees.

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POOR QUALITY
ORIGINAL

As to the indirect charges on various prorated bases we present below a summary of the items and two columns of figures -- one showing recommended charges for the future and the other listing the amounts previously in effect for each month. The summary is as follows:

	Survey January 1 1956	Effective April 1, 1955 Based on Survey January 1, 1955
1. Administrative Salaries	\$1,849	\$1,558
2. Automobile Expense	188	201
3. Donations	92	28
4. Legal Fees	49	45
Fire Protection	* • (5000) per mo.	448
5. Garbage & Refuse Removal	45	26
Sewage Disposal	• 700 per mo.	5
6. Postage	18	20
7. Equipment Usage.	150	150
8. Stores Expense	760	904
9. Janitorial Services	164	157
10. General Works Expense	762	722
11. Office and Laboratory Facilities	51	48
12. Organic Laboratory Supplies	287	227
	\$4,415 *	\$4,539

* Transferred to section 3, pages 2 and 3.
To be invoiced separately each month as direct charge.

* plus - fire protection as billed by BML -
savings -

For V. Section - Change made at
Jan 1, 1956 - 43 per mo. 448

33-010-0707

POOR QUALITY
ORIGINAL

3. Section Relating to Henderson -- Page 5

For detailed analysis of these indirect charges, please refer to supporting schedule No. 1 at the close of this report.

It should be further emphasized that our recommendations herewith in connection with both the direct and indirect charges have been discussed with and have the approval of the Henderson plant administration.

- 21) Office machine maintenance - monthly charge in
by keep of calculation & adding machine.
- 22) Direct salaries and wages - These regular charges
include payroll taxes. At present time there are
21 wage earners & 10 salaried employees in
this category.
- 23) Group Insurance and group Annuity Insurance
and hospital are billed on basis of number of
monthly employees. Annuity charge are on
basis of previous month's last date.
- 24) Outside Employee Training cover tuition refund
and management course.
- 25) Monthly lab. charge - November letter of May 17th
- 26) Cell liquor as required

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POOR QUALITY
ORIGINAL

Schedule 1-1

**RECOMMENDED ALLOCATION PLAN FOR VARIOUS CHARGES
BY STAUFFER OF NEVADA TO MONTROSE TO SUPERSEDE
PRESENT PLAN WHICH HAS BEEN IN EFFECT SINCE 4/1/55**

1. Salaries Payroll

Administrative

Newell	-	6%
Schreck	-	5%
Edwards	-	15%
Anderson	-	10%

Maintenance

Jeffrey	-	10%
Miller	-	10%
Lloyd	-	15%
Dee	-	17%
Gutmer	-	10%
Isom	-	10%

Accounting

Heber	-	5%
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Personnel

MacNeil	-	14%
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Charges for Supervisory and General Personnel \$ 797

Traffic

Green	-	33%
Black	-	33%
Romney	-	33%

Timekeeping & Payroll

McMillan	-	16%
Cole	-	16%

Accounting

Lettier	-	6%
Bracken	-	1%
Delaney	-	1%

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POOR QUALITY
ORIGINAL

1. Salaried Payroll: (cont'd)Shmo-Mail-Teletype-Ditto Processing-Multilith

McCaw	-	6%
Graham	-	19%
Macdonald	-	5%
Williams	-	10%

Maintenance Clerical (Work Orders)

M. Sanchez, Jr.	-	22%
Marsh	-	22%

Personnel

Bigelow	-	14%
Lata	-	24%

Production Records

M. Sanchez, Sr.	-	6%
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Messenger Service

Carter	-	10%
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Charges for Office and Clerical Personnel

884\$1,681

10% for payroll taxes, various insurance costs, etc.
(an agreed percentage also used for Los Angeles)

168\$1,849N.C. 2. Automobile Expense

Stauffer-Nevada Auto Expense is comprised of the following items:

- 1) Rental Paid for cars and trucks leased from California Rent Car.
- 2) Maintenance and Depreciation of Stauffer-owned cars and trucks.
- 3) Gasoline, oil, lubrication and tire repairs for both Items 1) and 2).

Charges from our books for year ended December 31, 1955 are as follows:

a) Rental	\$9,320
b) Gasoline, oil and repairs	9,037
c) Depreciation	<u>1,872</u>

\$20,229

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POOR QUALITY
ORIGINAL

2. Automobile Expense (cont'd)

There is a total of 9 rental cars and trucks of which 3 are used exclusively for Stauffer purposes. Therefore, the sum of annual rental, gasoline, oil and repair expenses of \$18,357 was reduced by 1/3, and the balance of \$12,238 plus the depreciation of \$1,872 was apportioned between Montrose and Stauffer on basis of plant payroll, that is, 16% to Montrose. This apportionment was the same basis as used previously and is determined as follows:

$$\frac{\$ 251,509 \text{ (Montrose)}}{\$1,525,525 \text{ (Montrose \& Stauffer)}} = 16\%$$

The average charge for the month is \$1.176 and 16% would amount to

\$188**3. Donations & Employee Activities**

Donations made by Stauffer Nevada during year 1955 were as follows:

Boy Scouts	March	\$ 250
Girl Scouts	November	150
Community Chest	November	250
Red Cross	March	300
March of Dimes	January	25
Salvation Army	December	25
T. B.	December	5
Amer. Cancer Society	May	50
U. of N. Artemisia	September	30
Basic H. S. Yearbook	April	25
Boulder City Bowling		
Ass'n. State Tournament		
Trophy	February	45
B.-V. Shrine Circus	May	75
Central Labor Council		
A. F. L. Conv.	June	100
Clark Co. Fire Dept.	May	85
Clark County Sheriff's		
Relief Ass'n. Benefit Show	August	100
L. V. Ass'n. for Adv. of		
Colored People	August	25
L. V. Police Protective		
Ass'n.	May	125
Basic High Labor News	October	20
Nevada Highways Safety		
Counselor	July	25

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POOR QUALITY
ORIGINAL

3. Donations & Employee Activities (cont'd)

Nevada Peace Officers Magazine	August	\$ 50
So. Nev. Community Concert Ass'n.	March	30
Stauffer-Nevada Men's Bowling League Trophy (Hond. - Niagara)	April	40
V. F. W. (Encamp. Prog.)	April	50
Employers Association of So. Nevada		300
Federated Employers of Nevada Inc.		400
P. T. A.		10
Henderson Youth Center		4,000
Las Vegas Review Journal		168
Electrochemical Society	March	100
Executive Secretaries		24
Nev. Taxpayers Assoc.		250
Las Vegas Sun		90
Review Journal		50
Flower Pot		15
Christmas Expenses		678
Nev. T. B. & Health Ass'n.	December	12
		<u>\$8,027</u>
Deduct Electrochemical Society payment as being for Stauffer, or		<u>100</u>
Net total to be apportioned		\$7,927

Average for 1 month - \$660

Basis - Ratio of Montrose employees to total Stauffer-Montrose employees, or 14% of \$660, Montrose share

\$ 96 95**4. Legal Fees**

Mr. C. Jay Parkinson is attorney on retainer specializing in labor negotiations and problems. Previous reports included charge for Mr. T. Gregory who is no longer retained.

Retainer Fee plus expenses 12 months - 1955 \$3,649

Average for 1 month - \$304

Basis - Dollar value ratio of payrolls 12 months - 14%

00-01003-007

POOR QUALITY
ORIGINAL

Legal Fees (cont'd)

16% of \$304 = Montrose's Share

\$ 49

5. Removal of Refuse, Garbage and Waste

12 months - 1955 costs - \$3,347

Average cost for 1 month - \$279

Basis - Dollar Value Ratio Payrolls 12 months - 16%

16% of \$279 = Montrose's share

\$ 45

6. Postage

12 months total postage costs - \$1,807 812

Average cost 1 month - \$ 151 135

Study of postage expense indicates 12% as Montrose's share. 16
Therefore, 12% of \$151 = Montrose's share

\$ 18

7. Equipment Usage

This item discussed by Messrs. Newell, Cummings Retrosen, Wurser and Schreck and it was concluded that the method of computing this cost be the same as outlined or agreed upon by Dr. Rothberg and Mr. John Stauffer in 1953

Basis as previously agreed with Dr. Rothberg is, per month

\$ 150

8. Stores Expense

This charge is based on the dollar value of stores withdrawals made by Montrose from Stauffer as compared to the total dollar value of all Stores Withdrawals.

Year Ended Dec. 31, 1955

Total Stores Withdrawals from Stauffer Stores	\$300,954
Total Stores Withdrawn from Montrose Stores by Montrose	33,157

TOTAL STORES WITHDRAWALS

\$334,111

Year Ended December 31, 1955

8. Stores Expense (cont'd)

Total Stores Withdrawals by Montrose	
From Stauffer Stores	\$37,652
From Montrose Stores	<u>33,157</u>
	\$70,809

Per cent ratio Montrose to Total - 21%

Total Expense to Operate Stores Department

Total Expense		\$40,237
Average monthly expense	\$3,353	
Add monthly Personal		
Property Tax	<u>267</u>	

Average Total Monthly Expense \$ 3,620

Per cent ratio Montrose to total (21%) - 1955 \$ 745,106.2**9. Janitorial Services**

The time of our janitor to service Montrose area has increased from 1 hour to 3 1/2 hours.

Average of 3 1/2 hours per day for 6 days each week -

$312 \times 3 \frac{1}{2} \text{ hrs.} = 1,092 \times 19,711 \div 12 =$
Montrose's share

195
\$ 255

10. General Works

Consists of General Yard and Road Maintenance, services of 4 Plant Protection Employees (watchmen), Maintenance of all common water, power and sewer lines and all General Shop Work not directly allocable to operating departments.

Maintenance Labor (including guard labor)	\$46,653
Maintenance Labor (ex stores)	<u>11,663</u>
Maintenance Labor (direct charge)	<u>11,998</u>

70,314

Less 25% exclusive Stauffer 17,578

52,736

Safety & Personnel Supplies 4,396Per Year \$7,132Per Month 4,76110% = \$4,761 (Montrose's share) \$ 762

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POOR QUALITY
ORIGINAL

NC 11. Office and Laboratory Facilities

Determined on a square foot basis of common office and laboratory space consisting of utilities and janitorial services only at 5¢ per square foot.

Common office and lab. space - 5,390 sq. ft. @ 5¢ per square foot -

\$269.70

16% of \$269.70 :

43.15

Add H. J. Warner's office - 196 sq. ft.
@ 5¢ per square foot

7.80

\$50.95 or

Montrose's share

\$4.00
\$54.95

pat 12. Organic Laboratory Supplies and Maintenance

Based on distribution of Organic Laboratory Employees Time for 6 months, 1955, July through December which equals 33%

Organic Laboratory Supplies (common usage) 12 months \$9,240
Maintenance Labor charged to Laboratory 1,191

\$10,431

Average for one month

\$ 869

Montrose's share is 33% or

\$ 287

00-01000-007

POOR QUALITY
ORIGINAL

**RECOMMENDED ALLOCATION PLAN FOR VARIOUS CHARGES
BY STAUFFER OF NEVADA TO MONTROSE TO SUPERSEDE
PRESENT PLAN WHICH HAS BEEN IN EFFECT SINCE 2/1/56**

1. Salaried Payroll

Administrative

Howell	-	58
Schrock	-	58
Richards	-	158

Maintenance

Jeffrey	-	108
Miller	-	108
Lloyd	-	158
Doe	-	178
Gartner	-	108
Lean	-	108

Accounting

Huber	-	58
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Personnel

McNeill	-	148
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Charges for Supervisory and General Personnel \$ 623

Traffic

Green	-	338
Hurdy	-	338
Romney	-	338

Timekeeping & Payroll

McMillan	-	188
Cole	-	238

Accounting

Littler	-	88
Williams	-	18
Dalney	-	18

00-0100070000

POOR QUALITY
ORIGINAL

1. Salaried Payroll: (Continued)

Steno-Mail-Teletype-Ditto Processing-Multilith

McCar	-	\$5
Graham	-	195
MacDonald	-	\$5
Wilson	-	195

Maintenance Clerical (Maintenance)

R. Sanchez, Jr.	-	215
Nicholson	-	215

total mont main
total Plant

Personnel

Bigslow	-	105
Lutz	-	215

Production Records

R. Sanchez, Jr.	-	25
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Messenger Service

Carter	-	205
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Charges for Office and Clerical Personnel

115 for payroll taxes, various insurance costs, etc.
(an agreed percentage also used for Los Angeles)

2,070
\$ 2,093
608
265
\$ 2,158
2,101

00-01007-0007

POOR QUALITY
ORIGINAL

	<u>Sq. Ft.</u>
<u>Montrose Main Plant</u>	
Includes loading area, sewer and acid loaders bldg.	41,100
<u>Benzene Storage Area</u>	
(Dyke 125' X 84'3")	10,531
<u>Alcohol Storage</u>	
(Dyke area 58' X 64')	3,712
<u>HCl Storage</u>	
(52' X 50')	2,600
<u>HCB Storage Area</u>	
(Dyke area 110' X 110')	12,100
<u>Maritatic Acid Plant (Synthetic)</u>	
(21' X 23')	483
<u>Montrose Office Building</u>	
(12'3" X 56'6")	682
<u>Montrose Change House</u>	
(26' X 16')	416
<u>Montrose Stores in Stauffer Warehouse</u>	
(20' X 20')	400
<u>Montrose Stores in Old Office Building</u>	
15% of 3853	579
<u>HCB Storage at Maroulos</u>	
2 X 72' X 72'	10,368
<u>Warehouse at Maroulos</u>	
1/2 occupied by Montrose - 1/2 100' X 120'	<u>6,000</u>
Total Montrose	88,970

Bevera received billings from B.M.I. at the current rate of \$4.35 per thousand square feet and is a decrease from \$4.50 shown in the 1956 report.

The protected area is defined as "land occupied by tanks or structures" -- vacant land is not included.

21. Seepage Disposal -- Currently billed to Stauffer by B.M.I. based on number of employees on the project. Stauffer will rehabl Montrose for its share based on the actual number of Montrose employees.

00-01007-10

POOR QUALITY
ORIGINAL

22. Office Machine Maintenance -- monthly charge for upkeep of calculator and adding machine.
23. Direct Salaries and Wages -- These regular charges include payroll taxes. At present time there are 21 wage earners and 10 salaried employees in this category.
24. Group Insurance and Group Annuity -- Insurance and hospital are billed on basis of number of Montrose employees. Annuity charges are on basis of previous month direct labor ratio.
25. Outside Employee Training -- covers tuition refunds and management courses.
26. Montrose Laboratory Charge -- Bevell's letter of May 17th.
27. Cell Liquor -- as required.

CC-010037-11

POOR QUALITY
ORIGINAL

**CALCULATIONS - DEC. 31, 1956 - FOR BURDEN
CONSIDERATION AS 1957 OVERHEAD
CHARGE**

1st 6 months 1957

$$\frac{129,449}{74,057} = 177\%$$

Calculations:

Total Montrose Labor $\frac{277,203}{363,510} = 17\%$) *Wage Charge*
Montrose & Stauffer) *Source Labor Basis*

Montrose: Salary	8	10	$\frac{48}{280} = 17\%$
Operations	20	20	
Maintenance	17	17	
	<u>45</u>	<u>47</u>	
Total Employees	284	<u>168</u>	No. of Employees Ratio

0.40

Calculations - 11% Payroll Taxes & Benefits Overhead Charges

Group Insurance and Annuity	\$54,138
Workmen's Comp. Insurance	26,883
Payroll Taxes	25,891
Vacation & Holiday Benefits	56,366
	<u>\$153,278.</u>

$$\frac{153,278}{1,099,054} = 14\%$$

$$\$153,278 \div 1,099,054 = 14\%$$

CC-01007-72

POOR QUALITY
ORIGINAL